

**CITY OF DULUTH**  
**REVOLVING LOAN FUND POLICIES**  
**MN INVESTMENT FUND**

The city of Duluth (the “City”), as a recipient of a Minnesota Investment Fund (“MIF”) grant must follow the Revolving Loan Fund (the “RLF”) guidelines that were submitted with the initial MIF application and approved by Minnesota State Department of Employment and Economic Development (“DEED”). These guidelines provide the policies and procedures for the reuse of these funds. The RLF policies and procedures must adhere to the same requirements that are followed by the state's Minnesota Investment Fund program. In addition to the City’s underwriting criteria, the guidelines from Minn. Stat. 116J. 8731 and from the Minnesota Business Subsidy Law (Minn. Stat. 116J.993 and 116J.994) are hereby included by reference.

**I. MINNESOTA INVESTMENT FUND (MS 116J.8731)**

**Purpose and Goals**

The purpose of the City RLF is to create new employment or to maintain existing employment and for business start-up, expansions, and retention. This may be accomplished by the following means:

- 1.) Creation or retention of permanent private sector jobs in order to create above average economic growth consistent with environmental protection;
- 2.) Stimulation or leverage of private investment to ensure economic renewal and competitiveness;
- 3.) Increasing the local tax base to ensure a diversified industry mix;
- 4.) Improvement of employment and economic opportunity for citizens in the region to create a reasonable standard of living;
- 5.) Stimulation of productivity growth through improved manufacturing or new technologies.
- 6.) Investment in technology and equipment that increase productivity and provide for higher wages; and
- 7.) Improve the quality of existing jobs, based on increases in wages or improvements in the job duties, training, or education associated with those jobs.

**Eligible Expenditures**

The City’s RLF may be used to provide assistance for infrastructure, loans, loan guarantees, grants, training, interest buy downs, and other forms of participation that are matched with private sources of financing. Assistance can be for no more than one-half of the cost of the project.

**Eligible Projects**

The grant or loan must be based on the following criteria;

- 1.) Creation of new jobs, retention of existing jobs or improvement of the quality of existing jobs;
- 2.) Increase in the tax base;
- 3.) The project can demonstrate that investment of public dollars induces private funds;
- 4.) The project can demonstrate an excessive public infrastructure or improvement cost beyond the means of the affected community and private participants in the project;
- 5.) The project provides higher wage levels to the community or will add value to the current workforce skills;
- 6.) Whether assistance is necessary to retain existing business;
- 7.) Whether assistance is necessary to attract out-of-state business;
- 8.) Supports the development of microenterprises, as defined by federal guidelines, through technical assistance or financial assistance; and
- 9.) The project advances the green economy.

The assistance cannot meet conditions #6 and #7 only; other conditions must also be present.

### **Eligible Activities**

RLF's may be used for the following activities:

- 1.) Acquisition of land
- 2.) Construction or rehabilitation of facilities
- 3.) Site improvements
- 4.) Utilities or infrastructure
- 5.) Machinery and Equipment
- 6.) Workforce development or training
- 7.) Working capital

Advance approval from DEED is necessary if the city of Duluth would like to provide financing for activities not listed above.

### **Ineligible Activities**

The City's RLF assistance may not be used for the following:

- 1.) Operation or expansion of a casino.
- 2.) Operation or expansion of a store which primarily is used for retail sales.
- 3.) For a project related to a sports facility. "Sports facility" means a building that has a professional sports team as a principal tenant.

### **Wage Goals**

Businesses receiving RLF assistance must pay each employee total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110% of the federal poverty level

for a family of four in effect as of the date the assistance is granted. The federal poverty level will change annually and this wage goal will change to reflect the most recent determination. This data can be found on DEED's Business Finance MIF website.

**Other Eligible Uses of the Funds**

The City must request permission from DEED before committing funds to any of other organization.

**II. CONFLICT OF INTEREST**

An officer or the City may not have a personal financial interest or personally benefit financially from the business to be assisted.

**III. BUSINESS SUBSIDIES (MS 116I.993, MS 116J.994)**

Minn . Stat. 116J.993 must be followed in the administration of RLF's with MIF funds. These sections pertain to the definition of a business subsidy, public purpose of the subsidy, criteria, subsidy agreements, wage and job goals, timing of the project, public notice and hearing requirements, failure to meet goals, and reporting of information regarding the outcomes of the subsidy.

**IV. JOB LISTING REQUIREMENTS. (MS 116L.66)**

A business that receives grants or loans in an amount greater than \$200,000 must agree to list any vacant or new positions with the job services of the Duluth Workforce Center or on the Minnesota Works .net job bank website.

**V. PREVAILING WAGE**

Per Minn. Stat. 116J.8 71, laborers and mechanics at a project site during construction, installation, remodeling, and repairs must be paid the state prevailing wage if the financial assistance is greater than \$500,000 for a loan. All contracts for publicly owned infrastructure using the RLF must comply with the city of Duluth's prevailing wage provisions.

**VI. GOVERNMENT DATA PRACTICES (MS 13.591. Subd 1 and 2)**

Information contained in the application for assistance will become a matter of public record with the exception of those items protected under the Minnesota Government Data Practices Act.

PART P